Government of
Saskatchewan

Annual Report 1988-89

Saskatchewan Legislative Assembly Members Superannuation Fund

90-05819/

The Honourable Sylvia Fedoruk
Lieutenant Governor
Province of Saskatchewan

Madam:

I have the honour to transmit herewith the Annual Report of the Members of the Legislative Assembly Superannuation Fund for the year ending March 31, 1989.

I have the honour to be, Madam,

Your Obedient Servant,

L. H. Hepworth.

L. H. Hepworth
Minister in Charge

Contents

	Page
Background	3
Operation of the Fund	3
Contributions	3
Pensions	3
Investments	3
Administration	3
Financial Statements	
Auditor's Report	6
Balance Sheet	7
Statement of Revenue, Expenditure and Fund Equity	8
Statement of Changes in Cash Resources	9
Notes to Financial Statements	10
Schedule of Investment Transactions	12

Background

The Members of the Legislative Assembly Superannuation Fund was created to provide a pension to individuals who are elected and provide service to the Province of Saskatchewan as Members of the Legislative Assembly.

The Fund is comprised of two pension plans: a unit benefit (formula) plan for members who were first elected prior to April 1, 1979, and a money purchase plan for those members first elected on or after April 1, 1979.

Members of the unit benefit plan may elect to transfer to the money purchase plan at any time prior to the expiration of the thirtieth day after the last return of the writ of election in the general election following the date on which they ceased to be members.

Operation of the Fund

The Fund is credited with contributions and interest paid by members and former members, interest earned and any other revenue accruing from the investment of monies in the Fund, and such amounts paid by the Minister of Finance as may be required to make it possible at all times to pay the allowances granted pursuant to The Members of the Legislative Assembly Superannuation Act. Payments are made out of the Fund for pensions, annuities, supplementary allowances and refunds of contributions. As a matter of course, the acquisition and disposition of the various assets of the Fund results in the payment of monies out of and receipt of monies into the Fund.

Contributions

Members are required to contribute 9% of their indemnity, sessional and expense allowances to the Fund; as well, members with additional responsibilities contribute 9% of their additional allowance. The Minister of Finance matches the members' contributions and is required by the Act to make certain additional contributions to the Fund.

Contributions by members for the year ended March 31, 1989 totalled $313,579.

In 1988-89, 17 members contributed to the unit benefit plan and 47 members contributed to the money purchase plan.

Pensions

The Fund paid pensions to 112 former members and spouses of former members throughout the year. Pensions under the unit benefit plan were based on a formula which included years of service and an average salary figure for some portion of that service. Pensions under the money purchase plan were provided in the form of a life annuity purchased with the funds standing to a member's credit at retirement. Pensions may also have included a supplementary allowance paid in accordance with the Act. Pensions for the year totalled $1,481,413.

Investments

Effective June 1, 1988, the Investment Corporation of Saskatchewan became responsible for managing the investments of the Fund. Prior to this, the Investment and Financial Services Division of Saskatchewan Finance invested the monies of the Fund. The value of the investments (at cost) at March 31, 1989 was $4,833,191.

Administration

Effective April 1, 1988, expenses of administering the Saskatchewan Legislative Assembly Members Superannuation Fund were charged to the Fund. Previously, these expenses were paid out of the Consolidated Fund in accordance with subsection 3(6) of the Act.

Administration of the plan is presently assigned to the Public Employees Benefits Agency of the Department of Finance.

Members of the Legislative Assembly Superannuation Fund

Financial Statements

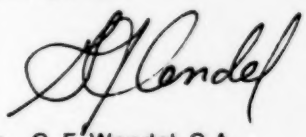
for the Year Ended March 31, 1989

Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

I have examined the balance sheet of the Members of the Legislative Assembly Superannuation Fund as at March 31, 1989 and the statements of revenue, expenditure and fund equity and changes in cash resources for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1989 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan,
November 1, 1989

G. F. Wendel, C.A.,
A/Provincial Auditor.

Members of the Legislative Assembly
Superannuation Fund
Balance Sheet
As At March 31

	1989	1988
Assets		
Cash	$ —	$ 1,728
Members' contributions receivable	26,701	83,547
Minister of Finance contributions receivable	54,015	91,930
Accounts receivable	—	582
Accrued interest receivable	115,718	98,652
Investments (Note 1) (Schedule 1) (Market value 1989 — $4,870,718; 1988 — $4,147,344)	4,833,191	4,016,411
	$ 5,029,625	$ 4,292,850
Liabilities and Fund Equity		
Liabilities:		
Cash, less outstanding cheques	15,983	—
Accounts payable	7,194	3,810
Allowances payable	9,194	4,275
	32,371	8,085
Fund Balances:		
Fund equity, Unit Benefit Plan (Statement 2, Note 4)	77,060	257,044
Fund equity, Money Purchase Plan (Statement 2, Note 2)	4,920,194	4,027,721
	$ 5,029,625	$ 4,292,850

(See accompanying notes to the financial statements)

Members of the Legislative Assembly
Superannuation Fund
Statement of Revenue, Expenditure and Fund Equity
Year Ended March 31

	1989			1988
	Unit Benefit Plan	Money Purchase Plan	Total	Total
Revenue				
Contributions by Members of the Legislative Assembly	$ 93,254	$ 220,325	$ 313,579	$ 302,406
Contributions by the Minister of Finance	1,196,839	249,951	1,446,790	1,498,140
Investment income	11,549	447,373	458,922	392,272
Gain on investment disposals	7,891	—	7,891	20,160
	1,309,533	917,649	2,227,182	2,212,978
Expenditure				
Annual allowances	1,458,447	22,966	1,481,413	1,384,628
Annuity contract purchases — private	—	—	—	52,846
Administration costs (Note 5(a) & 5(b))	31,070	2,210	33,280	—
	1,489,517	25,176	1,514,693	1,437,474
Excess/(Deficiency) of revenue over expenditure	(179,984)	892,473	712,489	775,504
Fund equity, beginning of year	257,044	4,027,721	4,284,765	3,509,261
Fund equity, end of year	$ 77,060	$ 4,920,194	$ 4,997,254	$ 4,284,765

(See accompanying notes to the financial statements)

Members of the Legislative Assembly
Superannuation Fund
Statement of Changes in Cash Resources
Year Ended March 31

	1989	1988
Source of Cash:		
Operations:		
Contributions by Members of the Legislative Assembly	$ 370,426	$ 227,675
Contributions by the Minister of Finance	1,484,705	1,438,216
Investment income	441,855	383,518
Gain on Investment Disposal	7,891	20,160
Other	582	4,665
	2,305,459	2,074,234
Investing Activities:		
Proceeds from sale of investments	5,239,725	5,760,384
	7,545,184	7,834,618
Application of Cash:		
Operations:		
Annual Allowances	1,476,494	1,380,352
Annuity contract purchase — private	—	52,846
Administration Costs	26,086	—
Other	3,810	—
	1,506,390	1,433,198
Investing Activities:		
Purchase of investments	6,056,505	6,409,676
	7,562,895	7,842,874
(Decrease)/Increase in cash position	(17,711)	(8,256)
Cash balance, beginning of year	1,728	9,984
Cash/(Cash less outstanding cheques), end of year — to Statement 1	$ (15,983)	$ 1,728

(See accompanying notes to the financial statements)

Members of the Legislative Assembly Superannuation Fund

Notes to Financial Statements March 31, 1989

1. **Significant Accounting Policies**

   a) **Investments**

   The Fund records all investment transactions at cost. Any difference between cost and par value is not amortized. Gains and losses are fully recognized in the year of disposal.

   b) **Allocation of Income**

   Investment income is allocated to the Money Purchase Plan based on actual earnings of all long term investments purchased since 1979 and a proportionate share of all short term investment holdings during the year. The interest rate declared is then multiplied by the members' average equity balance for the year.

2. **Authority**

   The Superannuation Fund operates under the authority of The Members of the Legislative Assembly Superannuation Act, 1979 for the purpose of providing a pension to individuals who are elected and provide service to the Province of Saskatchewan as Members of the Legislative Assembly. Members elected after April 1, 1979 contribute to the "money purchase plan".

3. **Statutory Reporting Requirements**

   In accordance with Section 42 of The Members of the Legislative Assembly Superannuation Act, 1979 the following information is provided:

	1989	1988
Contributors to the Fund		
Unit Benefit Plan	17	17
Money Purchase Plan	47	47

   During the year 112 superannuates received allowances (1987/88 — 113).

4. **Actuarial Valuation Unit Benefit Plan**

   The last actuarial valuation of the fund as at March 31, 1986 determined that there was an unfunded liability of $15,695,805 for service to the valuation date.

   Legislation provides for the Minister of Finance to pay to the Fund an amount equal to contributions of the members, and any further amounts that may be required to pay allowances granted pursuant to The Members of the Legislative Assembly Superannuation Act, 1979.

5. **Related Party Transactions**

a) **Administration Expenses**

An amendment to The Members of the Legislative Assembly Superannuation Act, 1979, made retroactive to April 1, 1988, established that sums required for the purpose of administering the Members of the Legislative Assembly Superannuation Fund shall be a charge on and paid out of that Fund.

Operating expenditures associated with the Fund's administration are now paid to the Public Employees Benefits Agency Revolving Fund. These expenditures totalled $32,088 for the period from April 1, 1988 to March 31, 1989. Previously, these costs were a charge on the Consolidated Fund of the Province and did not appear in these financial statements.

b) **Investment Administration and Management Fees**

Further revisions to The Members of the Legislative Assembly Superannuation Act, 1979 occurred on December 1, 1988 with the proclamation of The Investment Provisions Amendment Act. It provided the Minister of Finance with the authority to do those things he considers necessary for the purpose of managing, investing and disposing of the assets of the Fund.

In June, 1988 the Minister of Finance, on behalf of the Fund, entered into a unanimous shareholders agreement with the Investment Corporation of Saskatchewan (ICS), acquiring 100 Class A shares and 1243 Class B shares. ICS provides investment management services to its shareholders and charges fees for these services. ICS began charging the Fund for its services on December 1, 1988. Investment management fees for the period from December 1, 1988 to March 31, 1989 totalled $1,192. Previously, investment management services were provided to the Fund at no cost by the Department of Finance.

Schedule 1

Members of the Legislative Assembly Superannuation Fund

Schedule of Investment Transactions Year Ended March 31, 1989

(Provided in accordance with the provisions of Section 42 of The Members of the Legislative Assembly Superannuation Act, 1979)

Investments at Cost	Balance March 31, 1988	Acquisitions	Dispositions	Balance March 31, 1989
Bonds and Debentures:				
Government of Saskatchewan	$ 882,154	$ —	$ 95,404	$ 786,750
Government of Alberta	115,000	—	—	115,000
Government of Quebec	4,975	—	4,975	—
Ontario Hydro	1,417,275	—	—	1,417,275
Saskatchewan Union Hospitals	10,730	—	10,730	—
Corporate Debentures	600,000	—	—	600,000
Total	3,030,134	—	111,109	2,919,025
Equities:				
Investment Corp of Sask "A"	—	100	—	100
Investment Corp of Sask "B"	—	1,243	—	1,243
Bank of Nova Scotia	156,582	—	—	156,582
Total Long Term Investments	3,186,716	1,343	111,109	3,076,950
Short Term Investments	829,695	6,055,162	5,128,616	1,756,241
Total Investments	$ 4,016,411	$ 6,056,505	$ 5,239,725	$ 4,833,191